



General Assembly

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Amendment

LCO No. 8622



Offered by:
REP. MEGNA, 97th Dist.

To: Subst. House Bill No. 6951

File No. 421

Cal. No. 247

"AN ACT CONCERNING THE INSURERS REHABILITATION AND LIQUIDATION ACT."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 38a-135 of the general statutes is amended by
4 adding subsection (o) as follows (*Effective October 1, 2015*):

5 (NEW) (o) (1) As used in this subsection: (A) "Group-wide
6 supervisor" means the regulatory official (i) authorized by such
7 official's jurisdiction to conduct and coordinate group-wide
8 supervisory activities, and (ii) who is determined or acknowledged to
9 be the group-wide supervisor of an internationally active insurance
10 group pursuant to this subsection; and (B) "internationally active
11 insurance group" means any insurance holding company system that
12 (i) includes an insurance company registered pursuant to this section,
13 and (ii) meets the following criteria: (I) Premiums are written in at least
14 three countries; (II) the percentage of gross premiums written without

15 the United States is at least ten per cent of the insurance holding
16 company system's total gross written premiums; and (III) based on a
17 three-year rolling average, the total assets of the insurance holding
18 company system are at least fifty billion dollars or the total gross
19 written premiums of the insurance holding company system are at
20 least ten billion dollars.

21 (2) (A) The commissioner, in cooperation with other state, federal
22 and international regulatory agencies of the jurisdictions where
23 members of the internationally active insurance group are domiciled,
24 shall determine a single group-wide supervisor for an internationally
25 active insurance group. An insurance holding company system that
26 does not qualify as an internationally active insurance group may
27 request that the commissioner make a determination or
28 acknowledgment of a group-wide supervisor as set forth in this
29 subsection.

30 (B) The commissioner may determine that the commissioner is the
31 appropriate group-wide supervisor for an internationally active
32 insurance group that conducts substantial insurance business
33 operations in this state and may act as a group-wide supervisor for any
34 internationally active insurance group in accordance with the
35 provisions of this subsection.

36 (C) The commissioner may acknowledge that the regulatory official
37 of another jurisdiction is an appropriate group-wide supervisor for an
38 internationally active insurance group that (i) does not conduct
39 substantial insurance business operations in the United States, (ii)
40 conducts substantial insurance business operations in the United States
41 but not in this state, or (iii) conducts substantial insurance business
42 operations in the United States and in this state but the commissioner
43 has determined, pursuant to the factors set forth in subdivision (3) of
44 this subsection, that the regulatory official of another jurisdiction is the
45 appropriate group-wide supervisor.

46 (D) When another regulatory official is acting as the group-wide

47 supervisor of an internationally active insurance group, the
48 commissioner shall acknowledge such official as the group-wide
49 supervisor, except that the commissioner shall make a determination
50 or acknowledgement of a group-wide supervisor for such insurance
51 group if a material change in such insurance group results in (i) the
52 largest share of such insurance group's premiums, assets or liabilities
53 being held by member insurance companies domiciled in this state, or
54 (ii) this state being the place of domicile of the top-tiered insurance
55 company or companies in such insurance group.

56 (E) A regulatory official determined or acknowledged to be a group-
57 wide supervisor of an internationally active insurance group may
58 determine, after considering the factors set forth in subdivision (3) of
59 this subsection, that it is appropriate to acknowledge another
60 regulatory official to serve as the group-wide supervisor of such
61 insurance group. Such acknowledgment shall be made (i) in
62 cooperation with and subject to the acknowledgment of other
63 regulatory officials of the jurisdictions where members of such
64 insurance group are domiciled, and (ii) in consultation with such
65 insurance group.

66 (3) The commissioner shall consider the following factors in making
67 a determination or acknowledgment under subdivision (2) of this
68 subsection:

69 (A) The place of domicile of the member insurance companies of the
70 internationally active insurance group that hold the largest share of
71 such insurance group's premiums, assets or liabilities;

72 (B) The place of domicile of the top-tiered insurance company or
73 companies in the internationally active insurance group;

74 (C) The locations of the executive offices or the largest operational
75 offices of the internationally active insurance group; and

76 (D) Whether (i) a regulatory official of another jurisdiction is acting
77 or seeking to act as the group-wide supervisor under a regulatory

78 system the commissioner determines to be substantially similar to that
79 provided under the laws of this state or is otherwise sufficient in terms
80 of group-wide supervision, enterprise risk analysis and cooperation
81 with other regulatory officials, and (ii) such regulatory official acting
82 or seeking to act as the group-wide supervisor provides the
83 commissioner with reasonably reciprocal recognition and cooperation.

84 (4) The commissioner may collect, pursuant to section 38a-14a, from
85 any insurance company registered pursuant to this section any
86 information necessary for the commissioner to determine whether the
87 commissioner may act as the group-wide supervisor of an
88 internationally active insurance group of which such company is a
89 member or whether the commissioner may acknowledge that a
90 regulatory official of another jurisdiction should act as the group-wide
91 supervisor of such insurance group.

92 (5) Prior to issuing any determination or acknowledgment under
93 this subsection, the commissioner shall notify the member insurance
94 company registered pursuant to this section and the ultimate
95 controlling person of the internationally active insurance group of such
96 pending determination or acknowledgment. The commissioner shall
97 provide the internationally active insurance group at least thirty
98 calendar days to submit any additional information pertinent to such
99 determination or acknowledgment that is requested by the
100 commissioner or that such insurance group chooses to submit. The
101 commissioner shall publish in the Connecticut Law Journal and post
102 on the Insurance Department's Internet web site a current list of
103 internationally active insurance groups that the commissioner has
104 determined are subject to group-wide supervision by the
105 commissioner.

106 (6) The commissioner may conduct and coordinate the following
107 group-wide supervision activities for an internationally active
108 insurance group for which the commissioner is determined to be the
109 group-wide supervisor:

110 (A) Assess the enterprise risks within the internationally active
111 insurance group to ensure that material financial conditions of and
112 liquidity risks to the members of such insurance group that are
113 engaged in the business of insurance are identified by management
114 and that reasonable and effective mitigation measures are in place;

115 (B) Request from members of such insurance group information
116 necessary and appropriate to assess enterprise risk, including, but not
117 limited to, information about governance, risk assessment and
118 management, capital adequacy and material intercompany
119 transactions;

120 (C) Coordinate and, through the authority of the regulatory officials
121 of the jurisdictions where members of the internationally active
122 insurance group are domiciled, compel the development and
123 implementation of reasonable measures designed to ensure the
124 internationally active insurance group is able to timely recognize and
125 mitigate material enterprise risks to the members of such insurance
126 group that are engaged in the business of insurance;

127 (D) Communicate with other state, federal and international
128 regulatory agencies of the jurisdictions where members of the
129 internationally active insurance group are domiciled and share
130 relevant information, subject to the confidentiality provisions of
131 section 38a-137, through a supervisory college, as set forth in
132 subsection (n) of this section;

133 (E) Enter into agreements with or obtain documentation from any
134 member insurance company registered under this section, any other
135 member of the internationally active insurance group and any other
136 state, federal and international regulatory agencies of the jurisdictions
137 where members of the internationally active insurance group are
138 domiciled, to establish or clarify the commissioner's role as group-
139 wide supervisor and that may include provisions for resolving
140 disputes with other regulatory officials. No such agreement or
141 documentation shall serve as evidence that an insurance company or

142 person within an insurance company holding system that is not
143 domiciled or incorporated in this state is doing business in this state or
144 is otherwise subject to the jurisdiction of this state; and

145 (F) Other activities necessary to effectuate the group-wide
146 supervisory purposes of this section and sections 38a-129 to 38a-140,
147 inclusive, and within the authority granted in said sections.

148 (7) If the commissioner acknowledges that a regulatory official of a
149 jurisdiction not accredited by NAIC is the group-wide supervisor of an
150 internationally active insurance group, the commissioner shall
151 reasonably cooperate through a supervisory college or otherwise with
152 group supervision undertaken by such group-wide supervisor,
153 provided such cooperation is in compliance with the laws of this state
154 and such group-wide supervisor recognizes and cooperates with the
155 commissioner's activities as a group-wide supervisor for other
156 internationally active insurance groups, where applicable. The
157 commissioner may refuse to cooperate if the commissioner determines
158 such recognition and cooperation are not reasonably reciprocated. The
159 commissioner may enter into agreements with or obtain
160 documentation from any member insurance company registered
161 pursuant to this section, any affiliate of such insurance company and
162 any other state, federal and international regulatory agencies of the
163 jurisdictions where members of the internationally active insurance
164 group are domiciled, to establish or clarify such official's role as group-
165 wide supervisor.

166 (8) The commissioner may adopt regulations, in accordance with the
167 provisions of chapter 54, to carry out the provisions of this subsection.

168 (9) Each insurance company registered pursuant to this section shall
169 be liable for and shall pay the reasonable expenses of the
170 commissioner's administration of this subsection, including the
171 engagement of the services of attorneys, actuaries and other
172 professionals and all reasonable travel expenses."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>October 1, 2015</i>	38a-135